

AMENDED IN SENATE AUGUST 12, 2013

AMENDED IN SENATE JULY 11, 2013

AMENDED IN ASSEMBLY MAY 8, 2013

AMENDED IN ASSEMBLY APRIL 22, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1021

**Introduced by Assembly Member Eggman
(Coauthors: Assembly Members Chesbro and Williams)**

February 22, 2013

An act to amend Section 26003 of the Public Resources Code, relating to alternative energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1021, as amended, Eggman. Alternative energy: recycled feedstock.

Existing law establishes the California Alternative Energy and Advanced Transportation Financing Authority to provide financial assistance for projects that promote the use of alternative energies. Existing law authorizes the authority to approve a project for financial assistance in the form of the sales and use tax exclusion.

This bill would expand projects eligible for the sales and use tax exclusion to include projects that process or utilize recycled feedstock, as defined, that is intended to be reused in the production of another product or soil amendment, but would not include a project that processes or utilizes recycled feedstock in a manner that constitutes disposal, as defined.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 26003 of the Public Resources Code, as
2 amended by Section 5 of Chapter 677 of the Statutes of 2012, is
3 amended to read:
4 26003. (a) As used in this division, unless the context
5 otherwise requires:
6 (1) (A) “Advanced manufacturing” means manufacturing
7 processes that improve existing; or create entirely ~~new~~, *new*
8 materials, products, and processes through the use of science,
9 engineering, or information technologies, high-precision tools and
10 methods, a high-performance workforce, and innovative business
11 or organizational models utilizing any of the following technology
12 areas:
13 (i) Microelectronics and nanoelectronics, including
14 semiconductors.
15 (ii) Advanced materials.
16 (iii) Integrated computational materials engineering.
17 (iv) Nanotechnology.
18 (v) Additive manufacturing.
19 (vi) Industrial biotechnology.
20 (B) “Advanced manufacturing” includes all of the following:
21 (i) Systems that result from substantive advancement, whether
22 incremental or breakthrough, beyond the current industry standard,
23 in the production of materials and products. These advancements
24 include improvements in manufacturing processes and systems
25 that are often referred to as “smart” or “intelligent” manufacturing
26 systems, which integrate computational predictability and
27 operational efficiency.
28 (ii) (I) Sustainable manufacturing systems and manufacturing
29 technologies that minimize the use of resources while maintaining
30 or improving cost and performance.
31 (II) Sustainable manufacturing systems and manufacturing
32 technologies do not include those required to be undertaken
33 pursuant to state or federal law or regulations, air district rules or
34 regulations, memoranda of understanding with a governmental
35 entity, or legally binding agreements or documents. The State Air

Resources Board shall advise the authority to ensure that the requirements of this clause are met.

(2) (A) “Advanced transportation technologies” means emerging commercially competitive transportation-related technologies identified by the authority as capable of creating long-term, high value-added jobs for Californians while enhancing the state’s commitment to energy conservation, pollution and greenhouse gas emissions reduction, and transportation efficiency.

(B) “Advanced transportation technologies” does not include those projects required to be undertaken pursuant to state or federal law or regulations, air district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents. The State Air Resources Board shall advise the authority regarding projects that are excluded pursuant to this subparagraph.

(3) (A) “Alternative sources” means devices or technologies used for a renewable electrical generation facility, as defined in paragraph (1) of subdivision (a) of Section 25741, a combined heat and power system, as defined in Section 2840.2 of the Public Utilities Code, distributed generation and energy storage technologies eligible under the self-generation incentive program pursuant to Section 379.6 of the Public Utilities Code, as determined by the Public Utilities Commission, or a facility designed for the production of renewable fuels, the efficient use of which reduce the use of fossil or nuclear fuels, and energy efficiency devices or technologies that reduce the need for new electric generation and reduce emissions of toxic and criteria pollutants and greenhouse gases.

(B) “Alternative sources” does not include a hydroelectric facility that does not meet state laws pertaining to the control, appropriation, use, and distribution of water, including, but not limited to, the obtaining of applicable licenses and permits.

(4) “Authority” means the California Alternative Energy and Advanced Transportation Financing Authority established pursuant to Section 26004, and any board, commission, department, or officer succeeding to the functions of the authority, or to which the powers conferred upon the authority by this division shall be given.

(5) “Cost” as applied to a project or portion of the project financed under this division means all or part of the cost of

1 construction and acquisition of all lands, structures, real or personal
2 property or an interest in the real or personal property, rights,
3 rights-of-way, franchises, easements, and interests acquired or
4 used for a project; the cost of demolishing or removing any
5 buildings or structures on land so acquired, including the cost of
6 acquiring any lands to which those buildings or structures may be
7 moved; the cost of all machinery, equipment, and furnishings,
8 financing charges, interest prior to, during, and for a period after,
9 completion of construction as determined by the authority;
10 provisions for working capital; reserves for principal and interest
11 and for extensions, enlargements, additions, replacements,
12 renovations, and improvements; the cost of architectural,
13 engineering, financial, accounting, auditing and legal services,
14 plans, specifications, estimates, administrative expenses, and other
15 expenses necessary or incident to determining the feasibility of
16 constructing any project or incident to the construction, acquisition,
17 or financing of a project.

18 (6) "Financial assistance" includes, but is not limited to, loans,
19 loan loss reserves, interest rate reductions, proceeds of bonds issued
20 by the authority, bond insurance, loan guarantees or other credit
21 enhancements or liquidity facilities, contributions of money, or a
22 combination thereof, as determined by, and approved by the
23 resolution of, the board.

24 (7) (A) "Participating party" means a person, federal or state
25 agency, department, board, authority, or commission, state or
26 community college, or university, or a city or county, regional
27 agency, public district, school district, or other political entity
28 engaged in the business or operations in the state, whether
29 organized for profit or not for profit, that applies for financial
30 assistance from the authority for the purpose of implementing a
31 project.

32 (B) For the purposes of Section 6010.8 of the Revenue and
33 Taxation Code, "participating party" means an entity specified in
34 subparagraph (A) that seeks financial assistance pursuant to Section
35 26011.8.

36 (8) (A) "Project" means a land, building, improvement to the
37 land or building, rehabilitation, work, property, or structure, real
38 or personal, stationary or mobile, including, but not limited to,
39 machinery and equipment, whether or not in existence or under
40 construction, that utilizes, or is designed to utilize, an alternative

1 source, or that is utilized for the design, technology transfer,
2 manufacture, production, assembly, distribution, or service of
3 advanced transportation technologies or alternative source
4 components.

5 (B) “Project,” for the purposes of Section 26011.8 and Section
6 6010.8 of the Revenue and Taxation Code, means tangible personal
7 property that primarily processes ~~or utilizes~~ recycled feedstock
8 that is intended to be reused in the production of another product
9 *or utilizes recycled feedstock in the production of another product*
10 *or* soil amendment, or that is utilized for the design, manufacture,
11 production, or assembly of advanced manufacturing, advanced
12 transportation technologies, or alternative source products,
13 components, or systems. ~~Project~~ “*Project*” does not include
14 tangible personal property that processes or utilizes recycled
15 feedstock in a manner that would constitute disposal as defined in
16 subdivision (b) of Section 40192.

17 (9) “Recycled feedstock” means material that would otherwise
18 be destined for disposal, having completed its intended end use
19 and product lifecycle, ~~that is intended to be reused in the production~~
20 ~~of another product or soil amendment.~~ *lifecycle.*

21 (10) “Revenue” means all rents, receipts, purchase payments,
22 loan repayments, and all other income or receipts derived by the
23 authority from a project, or the sale, lease, or other disposition of
24 alternative source or advanced transportation technology facilities,
25 or the making of loans to finance alternative source or advanced
26 transportation technology facilities, and any income or revenue
27 derived from the investment of moneys in any fund or account of
28 the authority.

29 (b) This section shall become inoperative on July 1, 2016, and,
30 as of January 1, 2017, is repealed, unless a later enacted statute,
31 that becomes operative on or before January 1, 2017, deletes or
32 extends the dates on which it becomes inoperative and is repealed.

33 SEC. 2. Section 26003 of the Public Resources Code, as added
34 by Section 6 of Chapter 677 of the Statutes of 2012, is amended
35 to read:

36 26003. (a) As used in this division, unless the context
37 otherwise requires:

38 (1) (A) “Advanced transportation technologies” means
39 emerging commercially competitive transportation-related
40 technologies identified by the authority as capable of creating

1 long-term, high value-added jobs for Californians while enhancing
2 the state's commitment to energy conservation, pollution and
3 greenhouse gas emissions reduction, and transportation efficiency.

4 (B) "Advanced transportation technologies" does not include
5 those projects required to be undertaken pursuant to state or federal
6 law or regulations, air district rules or regulations, memoranda of
7 understanding with a governmental entity, or legally binding
8 agreements or documents. The State Air Resources Board shall
9 advise the authority regarding projects that are excluded pursuant
10 to this subparagraph.

11 (2) (A) "Alternative sources" means devices or technologies
12 used for a renewable electrical generation facility, as defined in
13 paragraph (1) of subdivision (a) of Section 25741, a combined
14 heat and power system, as defined in Section 2840.2 of the Public
15 Utilities Code, distributed generation and energy storage
16 technologies eligible under the self-generation incentive program
17 pursuant to Section 379.6 of the Public Utilities Code, as
18 determined by the Public Utilities Commission, or a facility
19 designed for the production of renewable fuels, the efficient use
20 of which reduce the use of fossil or nuclear fuels, and energy
21 efficiency devices or technologies that reduce the need for new
22 electric generation and reduce emissions of toxic and criteria
23 pollutants and greenhouse gases.

24 (B) "Alternative sources" does not include a hydroelectric
25 facility that does not meet state laws pertaining to the control,
26 appropriation, use, and distribution of water, including, but not
27 limited to, the obtaining of applicable licenses and permits.

28 (3) "Authority" means the California Alternative Energy and
29 Advanced Transportation Financing Authority established pursuant
30 to Section 26004, and any board, commission, department, or
31 officer succeeding to the functions of the authority, or to which
32 the powers conferred upon the authority by this division shall be
33 given.

34 (4) "Cost" as applied to a project or portion of the project
35 financed under this division means all or part of the cost of
36 construction and acquisition of all lands, structures, real or personal
37 property or an interest in the real or personal property, rights,
38 rights-of-way, franchises, easements, and interests acquired or
39 used for a project; the cost of demolishing or removing any
40 buildings or structures on land so acquired, including the cost of

1 acquiring any lands to which those buildings or structures may be
2 moved; the cost of all machinery, equipment, and furnishings,
3 financing charges, interest prior to, during, and for a period after,
4 completion of construction as determined by the authority;
5 provisions for working capital; reserves for principal and interest
6 and for extensions, enlargements, additions, replacements,
7 renovations, and improvements; the cost of architectural,
8 engineering, financial, accounting, auditing and legal services,
9 plans, specifications, estimates, administrative expenses, and other
10 expenses necessary or incident to determining the feasibility of
11 constructing any project or incident to the construction, acquisition,
12 or financing of a project.

13 (5) "Financial assistance" includes, but is not limited to, loans,
14 loan loss reserves, interest rate reductions, proceeds of bonds issued
15 by the authority, bond insurance, loan guarantees or other credit
16 enhancements or liquidity facilities, contributions of money, or a
17 combination thereof, as determined by, and approved by the
18 resolution of, the board.

19 (6) (A) "Participating party" means a person, federal or state
20 agency, department, board, authority, or commission, state or
21 community college, or university, or a city or county, regional
22 agency, public district, school district, or other political entity
23 engaged in the business or operations in the state, whether
24 organized for profit or not for profit, that applies for financial
25 assistance from the authority for the purpose of implementing a
26 project.

27 (B) For the purposes of Section 6010.8 of the Revenue and
28 Taxation Code, "participating party" means an entity specified in
29 subparagraph (A) that seeks financial assistance pursuant to Section
30 26011.8.

31 (7) (A) "Project" means a land, building, improvement to the
32 land or building, rehabilitation, work, property, or structure, real
33 or personal, stationary or mobile, including, but not limited to,
34 machinery and equipment, whether or not in existence or under
35 construction, that utilizes, or is designed to utilize, an alternative
36 source, or that is utilized for the design, technology transfer,
37 manufacture, production, assembly, distribution, or service of
38 advanced transportation technologies or alternative source
39 components.

1 (B) “Project,” for the purposes of Section 26011.8 and Section
2 6010.8 of the Revenue and Taxation Code, means tangible personal
3 property that primarily processes ~~or utilizes~~ recycled feedstock
4 that is intended to be reused in the production of another product
5 *or utilizes recycled feedstock in the production of another product*
6 *or* soil amendment, or that is utilized for the design, manufacture,
7 production, or assembly of advanced transportation technologies
8 or alternative source products, components, or systems. ~~Project~~
9 “*Project*” does not include tangible personal property that
10 processes or utilizes recycled feedstock in a manner that would
11 constitute disposal as defined in subdivision (b) of Section 40192.

12 (8) “Recycled feedstock” means material that would otherwise
13 be destined for disposal, having completed its intended end use
14 and product lifecycle, ~~that is intended to be reused in the production~~
15 ~~of another product or soil amendment.~~ *lifecycle.*

16 (9) “Revenue” means all rents, receipts, purchase payments,
17 loan repayments, and all other income or receipts derived by the
18 authority from a project, or the sale, lease, or other disposition of
19 alternative source or advanced transportation technology facilities,
20 or the making of loans to finance alternative source or advanced
21 transportation technology facilities, and any income or revenue
22 derived from the investment of money in any fund or account of
23 the authority.

24 (b) This section shall become operative on July 1, 2016.